

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et*
al.,

Debtors.¹

PROMESA

Title III

Case No. 17-BK-3283 (LTS)

(Jointly Administered)

**DECLARATION OF BRIAN S. ROSEN IN SUPPORT
OF MOTION TO STAY CONTESTED MATTERS
PENDING CONFIRMATION OF COMMONWEALTH PLAN OF ADJUSTMENT**

I, Brian S. Rosen, state and declare as follows:

1. I am a Partner at the law firm Proskauer Rose LLP in New York, New York, and counsel to the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as representative of the Commonwealth of Puerto Rico (the “Commonwealth”) and its related Title III debtors, pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”). 48 U.S.C. §§ 2101-2241. I make this declaration in support of the *Motion to Stay Contested Matters Pending Confirmation of Commonwealth Plan of Adjustment*, ECF No. 7640 (the “Motion”).

¹ The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474), and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747).

2. On May 31, 2019, after extensive negotiations, the Oversight Board, as representative of the Commonwealth, reached an agreement with certain holders of PBA Bonds² and GO Bonds on a framework for a plan of adjustment to resolve approximately \$35 billion of debt and non-debt claims against the Commonwealth.

3. A critical component of this framework is the agreement to offer a compromise and settlement of the GO Objections through a proposed plan of adjustment. The agreement is embodied in a definitive Plan Support Agreement (the “PSA”), which provides that holders of certain GO Bonds subject to the GO Objections will have the option of (a) settling at a given percentage of the bonds’ par value, or (b) litigating the GO Objections, and if successful, receiving a maximum recovery equivalent to that provided to holders of bonds not subject to the GO Objections, and if unsuccessful, receiving no recovery.

4. The PSA contains certain language regarding the voting rights of holders of proofs of claims against the Commonwealth in the plan confirmation process. Such language is not meant, and should not be construed, in any manner inconsistent with sections 502 and 1126(a) of the Bankruptcy Code or Fed. R. Bankr. P. 3018.

5. To build on the momentum of this important moment, the Oversight Board intends to file a joint plan of adjustment for the Commonwealth and PBA³ that incorporates the restructuring framework contained in the PSA to expeditiously move the Commonwealth towards exiting its Title III case. Following the filing of a plan of adjustment, the Oversight Board will continue discussions with creditor parties to gather additional support. Those discussions would be frustrated if one of the fundamental pieces of groundwork for the proposed

² Capitalized terms shall have the meanings provided in the Motion unless otherwise defined herein.

³ Or, as an alternative, a modification of the PBA Bonds under Title VI of PROMESA may be commenced in lieu of a case pursuant to Title III of PROMESA.

plan – the resolution mechanism for the GO Objections – were disrupted by a shifting litigation landscape.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge and belief, and that this declaration was executed on July 18, 2019 in New York, New York.

/s/ *Brian S. Rosen*
Brian S. Rosen